



# House of Representatives

General Assembly

**File No. 454**

*January Session, 2003*

Substitute House Bill No. 6486

*House of Representatives, April 17, 2003*

The Committee on Government Administration and Elections reported through REP. O'ROURKE of the 32nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE  
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS  
COMMITTEE CONCERNING THE CONNECTICUT RESOURCES  
RECOVERY AUTHORITY AND OTHER QUASI-PUBLIC AGENCIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2003*) Not later than three years  
2       before the expiration of each contract between the Connecticut  
3       Resources Recovery Authority and municipalities for solid waste  
4       disposal services, the board of directors of the authority shall establish  
5       a special committee consisting of representatives of the authority and  
6       such municipalities. The special committee shall study and present to  
7       said board of directors options for disposing of solid waste from such  
8       municipalities after the expiration of such contract. Such options shall  
9       include, but not be limited to, private sector management of such solid  
10      waste disposal.

11      Sec. 2. Section 1-122 of the general statutes is repealed and the

12 following is substituted in lieu thereof (*Effective July 1, 2004*):

13     The [board of directors of each quasi-public agency] Auditors of  
14 Public Accounts shall annually [contract with a person, firm or  
15 corporation for] conduct a compliance audit of [the] each quasi-public  
16 agency's activities during the preceding agency fiscal year [. The] or  
17 contract with a person, firm or corporation for any such audit or  
18 audits. Each such audit shall determine whether the quasi-public  
19 agency has complied with its regulations concerning affirmative  
20 action, personnel practices, the purchase of goods and services, the use  
21 of surplus funds and the distribution of loans, grants and other  
22 financial assistance. [The] Each audit shall include a review of all or a  
23 representative sample of the agency's activities in such areas during  
24 such fiscal year. The [board] Auditors of Public Accounts shall submit  
25 [the] each audit report to the Governor [, the Auditors of Public  
26 Accounts] and two copies of the audit report to the Legislative  
27 Program Review and Investigations Committee. Not later than thirty  
28 days after receiving copies of an audit report from the Auditors of  
29 Public Accounts, the Legislative Program Review and Investigations  
30 Committee shall prepare an assessment of whether the audit report  
31 complies with the requirements of this section and shall submit the  
32 assessment and a copy of the audit report to the joint standing  
33 committee of the General Assembly having cognizance of matters  
34 relating to the quasi-public agency. Each quasi-public agency shall pay  
35 the cost of conducting such annual compliance audit of the agency.

36     Sec. 3. Section 1-123 of the general statutes is repealed and the  
37 following is substituted in lieu thereof (*Effective July 1, 2004*):

38     The board of directors of each quasi-public agency shall annually  
39 submit a report to the Governor [,] and the Auditors of Public  
40 Accounts and two copies of such report to the [joint standing  
41 committee of the General Assembly having cognizance of matters  
42 relating to the quasi-public agency] Legislative Program Review and  
43 Investigations Committee. Such report shall include, but not be limited  
44 to, the following: (1) A list of all bond issues for the preceding fiscal

45 year, including, for each such issue, the financial advisor and  
 46 underwriters, whether the issue was competitive, negotiated or  
 47 privately placed, and the issue's face value and net proceeds; (2) a list  
 48 of all projects other than those pertaining to owner-occupied housing  
 49 or student loans receiving financial assistance during the preceding  
 50 fiscal year, including each project's purpose, location, and the amount  
 51 of funds provided by the agency; (3) a list of all outside individuals  
 52 and firms receiving in excess of five thousand dollars in the form of  
 53 loans, grants or payments for services, except for individuals receiving  
 54 loans for owner-occupied housing and education; (4) a balance sheet  
 55 showing all revenues and expenditures; (5) the cumulative value of all  
 56 bonds issued, the value of outstanding bonds, and the amount of the  
 57 state's contingent liability; (6) the affirmative action policy statement, a  
 58 description of the composition of the agency's work force by race, sex,  
 59 and occupation and a description of the agency's affirmative action  
 60 efforts; and (7) a description of planned activities for the current fiscal  
 61 year. Not later than thirty days after receiving copies of such report  
 62 from the board of a quasi-public agency, the Legislative Program  
 63 Review and Investigations Committee shall prepare an assessment of  
 64 whether the report complies with the requirements of this section and  
 65 shall submit the assessment and a copy of the report to the joint  
 66 standing committee of the General Assembly having cognizance of  
 67 matters relating to the quasi-public agency.

68 Sec. 4. (NEW) (*Effective July 1, 2003*) No quasi-public agency, as  
 69 defined in section 1-120 of the general statutes, shall contract with the  
 70 same person, firm or corporation to conduct financial audits of such  
 71 agency for more than six consecutive fiscal years of the agency. The  
 72 provisions of this section shall apply to fiscal years of quasi-public  
 73 agencies beginning on or after July 1, 2003.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2004</i>
Sec. 3	<i>July 1, 2004</i>
Sec. 4	<i>July 1, 2003</i>

**PRI**      *Joint Favorable Subst. C/R*

GAE

**GAE**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Auditors	GF - None	None	None
CT Resources Recovery Authority, and Various Quasi-Public Agencies	Various - None	None	None

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The bill requires the Auditors of Public Accounts to perform compliance audits on each quasi-public agency annually. It is anticipated that the Auditors can perform such audits within their normal budgetary resources, however should the Auditors incur costs the bill enables the agency to pass any costs along to the quasi-public agencies. Thus it is anticipated that the quasi-public agencies will not incur costs.

Additionally, any workload increase to the Connecticut Resources Recovery Authority and municipalities on the special committee established by the bill, is anticipated to be minimal and handled within the routine duties of each.

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**OLR Bill Analysis**

sHB 6486

***AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE  
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS  
COMMITTEE CONCERNING THE CONNECTICUT RESOURCES  
RECOVERY AUTHORITY AND OTHER QUASI-PUBLIC AGENCIES*****SUMMARY:**

This bill shifts the responsibility for the annual compliance audits each quasi-public agency must complete from the agency's board of directors to the state auditors of public accounts. It requires the auditors to forward duplicate copies of each agency's compliance audit report to the Legislative Program Review and Investigations Committee (LPRIC). Each agency's board of directors must send duplicate copies of its annual report to the committee as well. In both cases, the committee must determine that the report meets statutory requirements before sending a copy to the legislative committee of cognizance for the quasi-public agency.

The bill requires the Connecticut Resources Recovery Authority's (CRRRA) board of directors to establish a special study committee with affected municipalities at least three years before each of its contracts with these municipalities for solid waste disposal services expires. The committee must study the options available for disposing solid waste after the conclusion of the existing agreement. The committee must consider private sector management as a possibility, among other things.

The bill limits to six consecutive fiscal years, beginning with FY 2003-04, the period that a quasi-public agency can contract with the same person, firm, or corporation for its financial audits.

EFFECTIVE DATE: July 1, 2003 for the CRRRA study committee and the limitation on financial audit contracts, and July 1, 2004 for the provisions on the compliance audit and annual reports.

**COMPLIANCE AUDIT REPORTS**

The bill makes auditors of public accounts responsible for the annual compliance audit for each quasi-public agency, rather than each agency's board of directors, which contracts for an audit under current law. The auditors can perform the audit themselves or contract for it with an outside person or firm. In either case, the agency must pay for it.

The auditors must submit each audit report to the governor, who currently receives them (as do the auditors), and send two copies to LPRIC as well. The committee has 30 days to determine whether the report complies with statutory requirements and send its assessment and a copy of the audit to the legislative committee with cognizance over the quasi-public agency. Currently, the committees of cognizance receive the reports directly from the boards.

## **ANNUAL REPORT**

The bill requires each quasi-public agency's board to give two copies of its annual report that goes to the governor and the auditors to LPRIC, instead of one copy to the legislative committee of cognizance. LPRIC has 30 days to review whether the annual report meets statutory requirements and send its assessment and a copy of the report to the legislative committee with cognizance over the agency.

## **BACKGROUND**

### ***Quasi-Public Agencies***

The statutory quasi-public agencies covered in the bill are the Connecticut Development Authority, Connecticut Innovations, Inc., Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, CRRA, Connecticut Hazardous Waste Management Service, Connecticut Port Authority, Capital City Economic Development Authority, and Connecticut Lottery Corporation

## **COMMITTEE ACTION**

Program Review and Investigations Committee

Joint Favorable Substitute Change of Reference

Yea 11      Nay 0

Government Administration and Elections Committee

Joint Favorable Report

Yea 16      Nay 0